

**STATEMENT OF SECRETARY OF DEFENSE ROBERT S. McNAMARA
BEFORE THE SENATE SUBCOMMITTEE ON DEPARTMENT OF DEFENSE APPROPRIATIONS
ON THE FISCAL YEAR 1964-68 DEFENSE PROGRAM AND 1964 DEFENSE BUDGET**

Mr. Chairman and Members of the Committee:

It is again our privilege to present to you our Defense program projections for the next five years, and our budget proposals for the coming fiscal year. The form of this statement is similar to the one I presented to you last year. It is arranged in the same manner in which the Defense program is developed, namely, in terms of the principal missions of the Defense establishment, rather than by organizational component or by budget category.

Later in your hearings the Defense Comptroller will summarize the Defense budget by category and appropriation title, in the traditional manner. The Service Secretaries and Chiefs will then present statements on their respective Services.

Upon completion of my statement, General Taylor, the Chairman of the Joint Chiefs of Staff, is prepared to present his analysis of the relative military postures of the United States and its Allies and the Sino-Soviet Bloc.

Again, because of the length of my statement, I would like to present it in sections, if agreeable to the Committee, holding myself available for questioning at the end of each section. The statement contains eleven sections, as shown in the Table of Contents. In addition, there is attached to each copy a set of related Tables which you may wish to follow as we proceed through the statement.

By and large, we have projected the forces and programs through fiscal year 1968, five years beyond the current fiscal year. As I pointed out last year, the further we project these programs the more provisional they should be considered. Changes will have to be made as we move along and entirely new projects, the need for which cannot now be clearly foreseen, will have to be added, as has been done this year.

We have also projected program costs through fiscal year 1968, but these cost projections are still highly tentative. Like all such projections, they suffer from what might be called a "bow wave" effect - a peaking of costs in the years following the budget year and a sharp tapering off in the later years. The peaking is principally the result of two factors: 1) the postponement to the next year of marginal and less urgent projects; and 2) the fact that the program costs beyond fiscal year 1964 have not been subjected to the detailed and rigorous budget reviews accorded the 1964

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The most critical problem at issue between East and West in Europe continues to be the fate of Berlin. Our sharp confrontation of the Soviets in the Caribbean no doubt upset their agenda for Berlin. Their stationing of nuclear armed ballistic missiles in Cuba was directly related to that agenda. The psychological if not the military threat that these missiles would have posed to our own homeland was apparently the trump card which Mr. Khrushchev intended to play in the next round of negotiations on the status of Berlin.

The set-back dealt Soviet plans in Cuba may have postponed an incipient crisis in Berlin, but did not remove the latent danger in that area. East Germany is still in dire straits, both economically and politically. The freedom and prosperity of West Berlin still stand in stark contrast to the oppression and misery behind the wall. Notwithstanding the wall, the barbed wire and the bullets of the VOPO's, East Berliners still almost daily take the desperate gamble of trying to and sometimes succeeding in escaping to freedom. Although from our point of view, the obvious solution would be to improve the political, social, and economic conditions in East Berlin and for that matter in all of East Germany, the Communists instead still hope to solve the dilemma by obliterating freedom in West Berlin.

This we cannot permit. The United States, England, and France as the occupying powers, have a legal and moral responsibility to the two million people in West Berlin. We cannot abdicate that responsibility without casting grave doubts on our determination and ability to defend freedom in Europe, or -- for that matter -- anywhere else in the world. Thus, Berlin has become for us and our Allies the test of our resolve to forestall any further encroachment of Communism upon the Free World."

C. STRENGTHS AND WEAKNESSES OF THE COMMUNIST BLOC

It is apparent from this brief survey of the international situation that in the years ahead the Communists will have many opportunities to create, if they so choose, new crises in virtually every corner of the globe. Quarrels and armed conflicts will arise both between nations and within nations without any help or instigation from international Communism. But we can be sure that the aspirants for bloc leadership will not hesitate to exploit these difficulties for their own ends. Indeed, the very keenness of this competition has tended to increase their aggressiveness. While Communist China purports to favor violence and armed revolt in extending the sway of Communism, the Soviet Union prefers to achieve the same ends by more subtle means, resorting to force and violence only where they see opportunities for the use of force without undue risk. In either case, their efforts must be thwarted.